

Funding Strategy and Implementation

A significant challenge for the City of Alexandria Parks and Recreation Department in meeting public recreational demands is funding. Significant financial investment is necessary for physical development, land acquisition and for maintaining on-going resources for park management. This includes programming, operational maintenance, and public safety assistance. Implementing the recommended policies and action strategies hinge on the ability to secure funding from multiple sources and responding with effective management of parks and recreation facilities and programs. Several potential funding mechanisms are outlined in the Strategic Master Plan.

The major impediment to the implementation of this study is the lack of adequate dedicated funding sources for both capital improvements and land acquisitions and for ongoing park management. Currently significant funding deficiency exists. Strategies could be pursued by the city to meet the needs of the park and recreation system.

Estimated capital improvement and maintenance improvement costs are outlined at \$26,827,000. This figure does not include land acquisition costs or trail improvement costs. Additionally, no one funding source can reasonably be expected to generate the level of funding required to implement this study. Currently in several areas of the city, land acquisition costs \$500,000 per acre. Land acquisition funding methods will require several alternatives to meet the goal of adding additional land for parks.

Currently, there is a need for additional operational and maintenance dollars to support existing system infrastructure needs to continue providing the level of service that Alexandrians desire. The park system maintenance standards are maintained at a level three. This is based on a rating scale of 'one' being the most intense maintenance and 'five' being the least.

There are parks and facilities image inconsistencies. The lack of a consistent graphics program and color schemes makes the facilities appear less than optimal. The city should attempt to move maintenance standards to a level two from a level three.

Throughout the United States many cities have turned to creative methods to develop earned income to help offset operational and capital costs. Alexandria has the ability to implement these revenue development options, should the city choose to do so.

The following funding sources are a comprehensive listing of funding options the city should consider.

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Funding Source Summary

The funding options listed below provide the city with alternatives to consider that other park systems across the United States use to help fund their systems. The most important funding options the City of Alexandria should consider are listed below.

Corporate Sponsorships

This revenue-funding source allows corporations to invest in the development or enhancement of new or existing facilities in park systems. Sponsorships are also highly used for programs and events.

Partnerships

Partnerships are joint development funding sources or operational funding sources between two separate agencies, such as two government entities, a non-profit and a City department, or a private business and a City agency. Two partners jointly develop revenue producing park and recreation facilities and share risk, operational costs, responsibilities, and asset management based on the strengths and weaknesses of each partner.

Dedication/Development Fees

These fees are assessed for the development of residential and/or commercial properties with the proceeds to be used for parks and recreation purposes, such as open space acquisition, community park site development, neighborhood parks development, regional parks development, etc.

Foundation/Gifts

These dollars are raised from tax-exempt, non-profit organizations established with private donations in promotion of specific causes, activities, or issues. They offer a variety of means to fund capital projects, including capital campaigns, gifts catalogs, fundraisers, endowments, sales of items, etc.

Recreation Service Fees

This is a dedicated user fee, which can be established by a local ordinance or other governmental procedures. Its purpose is for constructing and maintaining recreation facilities. The fee can apply to all organized activities, which require a reservation of some type, or other purposes as defined by the local government. Examples of such activities include adult basketball, volleyball, and softball leagues, youth baseball, soccer, and softball leagues, and special interest classes. The fee allows participants an opportunity to contribute toward the upkeep of the facilities being used.

Fees/Charges

The plan has documented that the Department is far undervalued and must position its fees and charges to be market-driven and based on both public and private facilities. The potential outcome of revenue generation is consistent with national trends relating to public park and recreation agencies, which generate an average 35% to 50% of operating expenditures.

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Dog Park Fees

These fees are attached to kennel clubs for the right for their club to have their own dog park facilities for their exclusive use. Fees are on the dogs themselves and on people who take care of people's dogs.

Trail Fee

These fees are used for access to golf course trails and bike trails to support operational costs. Trail fees for golf carts are typically \$200.00 a year and for bike trails \$35.00 to \$50.00 a year.

Lighting Fees

Some cities charge additional fees for the lighting charges as it applies to leagues, special use sites, and signature type facilities that require lighting above a recreational level.

Program Contractor Fees

Cities and counties receive a percentage of gross contractor fees for program held on City or county facilities. The percentages range from 25% to 40% depending on space, volume, and the amount of marketing the City does for the contractor.

Signage Fees

This revenue source taxes citizens and businesses with signage fees at key locations with high visibility for short term events. Signage fees range in price from \$25.00 per signs up to \$100.00 per sign based on the size of the sign and location.

Cost Avoidance

The Department must take a position of not being everything for everyone. It must be driven by the market and stay with the Department's core businesses. By shifting its role as direct provider, the City will experience savings by deciding whether or not to provide that facility or program. This is a cost avoidance. The estimated savings listed could be realized through partnering, outsourcing, or deferring to another provider in the provision of a service and/or facility.

Intermodal Transportation and Efficiency Act

This funding program, commonly called TEA-21 Grants was authorized by the Federal Government in 1991. Funds are distributed through the state. There are several million dollars in enhancement revenues available for transportation related projects, including bicycle and pedestrian trails, rail depot rehabilitation, landscaping, and beautification projects.

Land and Water Conservation Fund

These funds are awarded for acquisition and development of parks, recreation and supporting facilities through the National Park Service and State Park System.

General Obligation Bonds

Bonded indebtedness issued with the approval of the electorate for capital improvements and general public improvements.

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Grants

A variety of special grants either currently exist through the Federal and State governmental systems or will be established through the life of current and proposed facilities.

Special Improvement District/Benefit District

Taxing districts established to provide funds for certain types of improvements that benefit a specific group of affected properties. Improvements may include landscaping, the erection of fountains, and acquisition of art, and supplemental services for improvement and promotion, including recreation and cultural enhancements.

Annual Appropriation/Leasehold Financing

This is a more complex financing structure which requires use of a third party to act as issuer of the bonds, construct the facility and retain title until the bonds are retired. The City enters into a lease agreement with the third party, with annual lease payments equal to the debt service requirements. The bonds issued by the third party are considered less secure than general obligation bonds of the City, and therefore more costly. Since a separate corporation issues these bonds, they do not impact the City's debt limitations and do not require a vote. However, they also do not entitle the City to levy property taxes to service the debt. The annual lease payments must be appropriated from existing revenues.

Interlocal Agreements

Contractual relationships entered into between two or more local units of government and/or between a local unit of government and a non-profit organization for the joint usage/development of sports fields, regional parks, or other facilities.

Revenue Bonds

Bonds used for capital projects that will generate revenue for debt service where fees can be set aside to support repayment of the bond.

Private Concessionaires

Contract with a private business to provide and operate desirable recreational activities financed, constructed, and operated by the private sector with additional compensation paid to the City.

Real Estate Transfer Fees

As cities and counties expand, the need for infrastructure improvements continues to grow. Since parks add value to neighborhoods and communities, some cities and counties have turned to real estate transfer fees to help pay for needed renovations. Usually transfer fees amount to ¼% to ½ % on the total sale of the property.

Land Trust

Many counties have developed land trusts to help secure and fund the cost for acquiring land and conservation easements that needs to be preserved and protected for greenway purposes. This could be a good source to look to for acquisition of future lands.

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Naming Rights

Many cities and counties have turned to selling the naming rights for new buildings or renovation of existing buildings and parks for the development cost associated with the improvement. This opportunity exists in the City.

Rental Car Tax

This tax is designated for land acquisition purposes. Some cities and counties have used a percentage of rental car taxes to support land acquisition or improvements in parks.

Cell Towers

Cell towers attached to existing light poles in game field complexes is another source of revenue the City could seek in helping support the system.

Private Developers

These developers lease space from City-owned land through a subordinate lease that pays out a set dollar amount plus a percentage of gross dollars for recreation enhancements. These could include restaurants, driving ranges, sports complexes, and recreation centers.

Benefit Assessment Act of 1982 (Government Code section 54703 et seq.)

This statute provides a uniform procedure for the enactment of benefit assessments to finance the maintenance and operation costs of drainage, flood control, and street light services and the cost of installation and improvement of drainage or flood control facilities. Under legislation approved in 1989 (SB 975, Chapter 1449), this authority is expanded to include the maintenance of streets, roads, and highways. As with most other assessment acts, cities, counties, and special districts that are otherwise authorized to provide such services may use it.

Facilities Benefit Assessment

The FBA ordinance establishes areas of benefit to be assessed for needed improvements in newly developing areas. Each parcel within an area of benefit is apportioned its share of the total assessment for all improvements (including those required for later development phases) which is then recorded on the assessment roll. Assessments are liens on private property as with the state assessment acts. Upon application for a building permit the owner of the parcel must pay the entire assessment (the payment is pro rated if only a portion of the parcel is being developed at one time). Payment releases the City's lien on the property. The funds that are collected are placed in separate accounts to be used for the needed improvements and do not exceed the actual cost of the improvements plus incidental administrative costs.

The Mello-Roos Act

The 1982 Mello-Roos Community Facilities Act (Government Code Sections 53311 et seq.) enables cities, counties, special districts, and school districts to establish community facilities districts (CFDs) and to levy special taxes to fund a wide variety of facilities and services. The proceeds of a Mello-Roos tax can be used for direct funding and, in the case of capital facilities,

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to pay off bonds. Mello-Roos financing has similarities to special taxes and special assessments, and in some situations, it has advantages over both.

Sales Tax

The revenue source is very popular for funding park and recreation agencies either partially or fully. The normal sales tax rate is 1cent for operations and one half cent for capital. This tax is very popular in high traffic tourism type cities and with counties and state parks.

Merchandising Sales

This revenue source comes from the public or private sector on resale items from gift shops and pro shops for either all of the sales or a set gross percentage.

Concession Management

Concession management is from retail sales or rentals of soft goods, hard goods, or consumable items. The City either contracts for the service or receives a set of the gross percentage or the full revenue dollars that incorporates a profit after expenses.

Friends Associations

These groups are formed to raise money typically for a single focus purpose that could include a park facility or program that will better the community as a whole and their special interest.

Advertising Sales

This revenue source is for the sale of tasteful and appropriate advertising on park and recreation related items such as in the City's program guide, on scoreboards, dasher boards and other visible products or services that are consumable or permanent that exposes the product or service to many people.

Subordinate Easements – Recreation / Natural Area Easements

This revenue source is available when the City allows utility companies, businesses or individuals to develop some type of an improvement above ground or below ground on their property for a set period of time and a set dollar amount to be received by the City on a annual basis.

Irrevocable Remainder Trusts

These trusts are set up with individuals who typically have more than a million dollars in wealth. They will leave a portion of their wealth to the City in a trust fund that allows the fund to grow over a period of time and then is available for the City to use a portion of the interest to support specific park and recreation facilities or programs that are designated by the trustee.

Life Estates

This source of money is available when someone wants to leave their property to the City in exchange for them to live on their property until their death. The City usually can use a portion of the property for park purposes and then all of it after the person's death. This revenue source is very popular for individuals who have a lot of wealth and their estate will be highly taxed at their death and their children have to sell of their property because of probate costs. This allows

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the person to receive a good tax deduction yearly on their property while leaving a life estate. It is good for the City because they do not have to pay for the land.

Permits

These special permits allow individuals to use specific park property for financial gain. The City either receives a set amount of money or a percentage of the gross service that is being provided.

Reservations

This revenue source comes from the right to reserve specific public property for a set amount of time. The reservation rates are usually set and apply to group picnic shelters, meeting rooms for weddings, reunions and outings or other type of facilities for a special activity.

Catering Permits and Services

This is a license to allow caterers to work in the park system on a permit basis with a set fee or a percentage of food sales returning to the City. Also many cities have their own catering service and receive a percentage of dollars off the sale of their food.

Volunteerism

The revenue source is an indirect revenue source in that persons donate time to assist the department in providing a product or service on an hourly basis. This reduces the City's cost in providing the service plus it builds advocacy into the system.

Integrated Financing Act

This legislation creates an alternate method for collecting assessments levied under the Landscaping and Lighting Act, the Vehicle Parking District Law and the Park and Playground Act. This act applies to all local agencies. This act can be used to pay the cost of planning, designing, and constructing capital facilities authorized by the applicable financing act, pay for all or part of the principle and interest on debt incurred pursuant to the applicable financing act and to reimburse a private investor in the project. It serves two unique properties: (1) it can levy an assessment which is contingent upon future land development and payable upon approval of a subdivision map or zone change or the receipt of building permits; (2) it allows the local agency to enter into an agreement with a private investor whereby the investor will be reimbursed for funds advance to the agency for the project being financed.

Parking Fees

This fee applies to parking at selected destination facilities such as beach parking areas, major stadiums and other attractions to help offset capital and operational cost.

Equipment Rental

The revenue source is available on the rental of equipment such as tables, chairs, tents, stages, bicycles, roller blades, boogie boards, etc. that are used for recreation purposes.

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Special Fundraisers

Many park and recreation agencies have special fundraisers on an annual basis to help cover specific programs and capital projects.

Utility Roundup Programs

Some park and recreation agencies have worked with their local utilities on a round up program whereby a consumer can pay the difference between their bill up to the even dollar amount and they then pay the department the difference. Ideally, these monies are used to support utility improvements such as sports lighting, irrigation cost and HVAC costs.

Franchise Fee on Cable

This allows cities to add a franchise fee on cable to be designated for parks. The normal fee is \$1.00 a month or \$12.00 a year per household. Fees are usually designated for open space acquisition or capital improvements.

Earnings Fee

This fee taxes communities who have high population of workers who do not live in the City but work in the City. The employees pay ½% of their total salary earned to the City to cover safety forces, streets, and public works services.

Room Over Rides on Hotels for Sports Tournaments and Special Events

Cities have begun to keep a percentage of hotel rooms that are booked when the City hosts a major sports tournament or special event. The overrides are usually \$5.00 to \$10.00 depending on what type of room. Monies collected help offset operational costs for the City in hosting the events.

Leasebacks on Recreational Facilities Can Produce Revenue

Many cities do not have capital dollars to build revenue-producing facilities but they will hire a private investor to build the facility according to the specifications they want and the investment company will finance the project and the City will lease it back from them over 20 years. This can be reversed where by the City builds the facility and leases to private management to operate it for a % of gross dollars to pay off the construction loans through a subordinate lease.

Family Tree Program

Many cities have worked with local hospitals to provide cash to the parks system to buy and plant a tree in honor of every new born in the City. The hospitals invest \$250.00 to \$300.00 and receive the credit. The parks system purchases quality trees.

Gift Catalogs

Gift catalogs provide organizations the opportunity to let the community know on a yearly basis what their needs are.

Maintenance Endowments

Maintenance Endowments are set up for organizations and individuals to invest in ongoing maintenance improvements and infrastructure needs. Endowments retain money from user

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fees, individual gifts, impact fees, development rights, partnerships, conservation easements, and for wetland mitigations.

Subordinate Development Rights

Some cities and counties rent their development rights below park ground or along trails to fiber optic companies or utilities. The park agency collects a yearly fee on a linear foot basis.

Booth Lease Space

In some urban cities, the city sells booth space to sidewalk vendors in parks or during special events. For a flat rate based on volume received. The booth space can also apply to farmers' markets, art schools, and antique type fairs.

Reverse Sponsorships

This revenue source allows agencies to receive indirect revenue from cross promoting their current sponsors with professional sporting events such as in racing with card and drivers and significant sports heroes. Indirect sponsorships provide up to 15% of the sponsorship value back to the City for linking their parks and recreation sponsors with professional sports.

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Grant Funding Sources & Strategies for Land Acquisition

North American Wetlands Conservation Act Grants

The federal government through the Department of the Interior and the U.S. Fish and Wildlife Service disburses North American Wetlands Conservation Act Grants. Grant funds support acquisition, restoration, and enhancement projects involving wetland and wetland-associated uplands. Begun in 1989, the program provides matching grants to private or public organizations or to individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada, and Mexico. Funds for the grant have been increasing gradually almost every year since its inception. In 2001, \$40 million was allocated for N.A.W.C.A. grants. Most of this money was matched on a 2:1 basis. A few were matched at 1:1. The N.A.W.C.A. small grant program provides funding up to \$50,000. An average small grant amounts to just under \$40,000. The N.A.W.C.A. large grant program provides between \$50,000 and \$1 million.

Chesapeake Bay Restoration Fund

The Chesapeake Bay Restoration Fund supports environmental education and action-oriented conservation and restoration projects within Virginia's Chesapeake Bay watershed. The fund earns revenue by selling license plates with Chesapeake Bay designs on them. It disperses its earning through grants to state and local governments, as well as nonprofit entities. In 2001, the fund awarded more than \$450,000 in grants to some 75 different projects.

Recreation Trails Program (Virginia Recreation Trails Fund)

This is a small, competitive grant program that distributes monies from the ISTEA/TEA21 program. It is intended to aid the construction and rehabilitation of recreational trails. The funding, which is administered by the Virginia Department of Conservation and Recreation (DCR), is not restricted to non-motorized trails, but they are its focus. Grant monies cannot be used for planning, or for construction of "incomplete" trails (i.e., those that are designed to be a part of a future system.) Stand-alone trails, as well as connector trails, are the focuses of this funding. This is an 80/20 matching fund grant, with 20 percent of the total project costs required of the local organization. Grants range from \$10,000 to \$150,000, with typical grants amounting to \$50,000 to \$60,000. Total funds available in 2001 are \$800,000 (2000 funding totaled about \$1 million.) The grant is funded at least through 2003 and, if renewed at that time, would be funded for an additional six years. The W&OD trail in Northern Virginia has been a recipient of these funds in the past.

Virginia Land Conservation Fund

The Virginia Land Conservation Fund (VLCF) has been set up to provide matching grants to localities, public bodies, and nonprofit organizations for purchasing fee simple title to and interest in real property for land conservation purposes.

Grant categories are:

- Open Spaces and Parks
- Natural Area Protection

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- Historic Area Preservation
- Farmlands and Forest Preservation

In the past, grants have been used to help the Nature Conservancy acquire 458 acres of land adjacent to the Commonwealth's Cleveland Barrens Natural Areas Preserve, to help Fairfax County acquire 2.9 acres of easement at three sites in Vienna and Oakton, and to help York County acquire nine easements on the York River beach to provide a continuous pedestrian linkage/trail along the riverfront.

Historically, VLCF grants have ranged in value from \$30,000 to \$1 million, with an average gift of \$140,000. However, the Virginia State Assembly appropriated no funding for the VLCF in 2001, and the VLCF does not expect any new funding in 2002. The fund has suspended acceptance of applications for the time being.

Certified Local Government Grants

The Certified Local Government (CLG) Grant program establishes a partnership between local governments, the federal historic preservation program, and a state's Department of Historic Resources (DHR). The program allows state DHR's, to recommend for certification local governments that have put key elements of a sound local preservation program in place in their communities. Designation as CLGs gives local governments a way to participate more formally in the state and national historic preservation programs. The City of Alexandria qualifies for CLG grants, as it is one of 24 CLG's in Virginia.

Because CLG grants use federally appropriated funds, the de-funding of CLG's is less likely than the de-funding of grants supported by the state General Assembly. Typically, Virginia's CLG budget is \$85,000. Awards range in size from \$5,000 to \$25,000, with an average award of \$15,000. Generally, there is a match of some sort, but no match is required. CLG grants may be used for surveys of architectural or archaeological resources and historic preservation planning, among other things.

Historic Preservation Project Grant

In 2001, the General Assembly in the State of Virginia did not appropriate funds for Historic Preservation Project Grants. In the past, these grants were used to preserve/restore local historic sites and natural areas. In a "normal" year, the state legislature would award up to 75 grants ranging in value from \$5,000 to \$100,000.

Partners for Fish and Wildlife

These grants, administered by the US Fish & Wildlife Service, are primarily given for voluntary habitat restoration projects, as they are geared more toward restoration than toward acquisition. Most recipients are private landowners. Projects are extremely varied in nature, but can include restoration, planting, dam removal, outreach, habitat preservation and easements. This agency funds relatively few projects in urban areas. All grants are matching, and the ratio of federal to other funds ranges from 1:3 to 3:1, depending on the project and the number of partners involved. Total annual distributions range from \$1 to \$1.5 million, and the typical grant is \$50,000 to \$100,000.

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Community Development Block Grants (CBDG)

Funded by the Department of Housing and Urban Development and administered at the local level. Focus is mainly in providing affordable housing for low and moderate-income families. Can be used for the development of recreational facilities and open space; however, since the city is dedicated to affordable housing, its limited funding available through CBDG is unlikely to be utilized for open space initiatives.

Urban and Community Forestry Grants

The U.S. Forest Service of the Department of Agriculture administers these grants. The funds promote improvements to urban areas and communities through the provision of forestry resources.

INSTITUTIONAL GRANTS

The Virginia Land Endowment:

The Virginia Land Endowment is an institutional grantor that uses its capital to encourage pollution prevention, open space conservation, and environmental education. In 2001, the endowment supported The Land Conservation Fund in Arlington, VA with a \$100,000 matching grant.

The Northern Virginia Conservation Trust:

The Northern Virginia Conservation Trust was originally established to promote open space preservation in Fairfax County. It has now expanded its geographical coverage and has undertaken projects in the inner and outer suburban counties and cities of Northern Virginia. Activities include providing grants to support partners in land acquisition and purchase of easements, advocacy and education.